

JIM IRVIN  
COMMISSIONER-CHAIRMAN  
RENZ D. JENNINGS  
COMMISSIONER  
CARL J. KUNASEK  
COMMISSIONER



ARIZONA CORPORATION COMMISSION

ORIGINAL  
RECEIVED

JACK ROSE  
EXECUTIVE SECRETARY

JUL 28 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

October 19, 1998

Mr. Mark Nadel  
Attorney Advisor  
Federal Communications Commission  
2100 M Street 8<sup>th</sup> Floor  
Washington, D.C. 20554

EX PARTE OR LATE FILED

CC: 96-45

Dear Mr. Nadel:

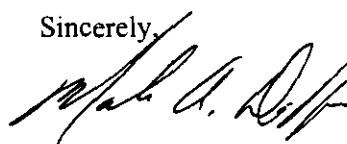
Thank you for your call to our office requesting additional information pertaining to Arizona Corporation Commission Chairman Jim Irvin's testimony on June 8, 1998 to the FCC regarding Arizona's proposal for distribution of Federal USF Funds.

Per our conversation last week, I have enclosed a copy of the entire presentation including relevant back up materials. The packet includes data on line extension and construction charges (Exhibit B) associated with putting the necessary telephone plant in place. These cost estimates were provided to customers of Navajo Communications Company of Citizens Utilities. Also included in the packet (Exhibit H) is a copy of a data request recently sent out by our staff to all incumbent local exchange carriers in Arizona. As you expressed Chairman Kennard's biggest concern on this issue as being with phone service to the Indian reservation population, I have only included the response of Navajo Communications Company. However, I would be happy to provide you with all of the responses we have received to date should you require them.

Additionally, you requested information on problems inherent in providing service to Indian reservations. As mentioned briefly, problems mainly exist with the infrastructure such as the absence of roads and electricity. Other problems include the lack of surveyed maps of all tribal land and magnitude of the reservation size. It also must be considered that the culture must be respected with regard to some residents that may not want phone service. Otherwise, as the attached packet of information indicates, many would like service but cannot afford it either due to the high unemployment rate or high line extension or construction charges. We will attempt to obtain additional information that may be useful to you in this regard.

I hope this information is helpful. Should you have any questions or require additional information, please feel free to contact me at (602) 542-3600 or e-mail me at [mdinunzio@cc.state.az.us](mailto:mdinunzio@cc.state.az.us).

Sincerely,

 No. of Copies rec'd 2  
List A B C D E

Mark A. DiNunzio  
Special Assistant to Commissioner-Chairman Irvin



*Citizens Utilities Company*

Deborah R. Scott  
Senior Attorney

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Phoenix, AZ 85012-2736  
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June 19, 1998

Maureen Scott  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

RE: DOCKET NOS. T-03214A-97-0640; T-02115A-97-0640;  
T-1954A-97-0640

Dear Ms. Scott:

Enclosed please find Citizens Utilities Company's responses to the following data requests submitted by Staff in the above referenced matter.

Requestor

Response No.

Staff - DS

Nos. 1 - 19

If you have any questions or comments regarding this matter, please contact Charlie Born at (916) 665-5355.

Very truly yours,

Enclosures

**ARIZONA CORPORATION COMMISSION  
STAFF'S FIRST SET OF DATA REQUESTS TO  
NAVAJO COMMUNICATIONS COMPANY, INC.**

**ACC DOCKET NO. T-2115-97-640 (Unserved Areas)  
FCC DOCKET NO. 96-45; 97-160; DA 98-715  
MAY 29, 1998**

**Data Request DS-1:**

Currently, are there any potential customers within the Company's exchange boundaries that do not have telephone service? If yes, how many?

**Response:**

Yes, approximately 12,544.

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**Data Request DS-2:**

Please indicate the basis for your estimate provided in response to Question 1.

**Response:**

Using the Spring 1995 Navajo Nation Profile (Attachment A), the estimate was based on 23,349 occupied houses with electricity, less Navajo's 10,805 residential access lines.

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**Data Request DS-3:**

Where are these potential customers located? List the estimated number of potential customers by wire center or exchange and by section, township and range.

**Response:**

The potential customers are located throughout the Navajo Nation which is comprised of 16.2 million acres in Arizona, New Mexico and Utah. Please see Attachment B for a listing of 1997 line extension requests by exchange. Navajo does not have available section, township and range information.

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MAY 29, 1998**

**Data Request DS-4:**

If your response to DS-1 is yes, why do these potential customers not have telephone service at the present time? Have any of these potential customers requested service at any time? If yes, please provide the names and the dates service was requested.

**Response:**

The Navajo reservation has a 44% unemployment rate with 56.1% living below the poverty level. Navajo received 72 Aid to Construction letters in 1997, as shown on Attachment B.

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MAY 29, 1998**

**Data Request DS-5:**

For the customers listed in your response to DS-3, indicate the distance from the potential customer's location to the nearest available facilities.

**Response:**

Navajo does not obtain this information in the regular course of its business, therefore, Navajo does not have the distances for each of the potential customers. Due to limited resources, Navajo cannot devote the time and expense at this time to provide the requested information.

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MAY 29, 1998**

**Data Request DS-6:**

Are there any potential customers immediately outside the Company's exchange boundaries that do not have telephone service? If yes, how many?

**Response:**

Navajo is not directly aware of any potential customers since they would most likely be in another local exchange company's service territory. U.S. West, Table Top and Century have service territories adjacent to Navajo's serving area.



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MAY 29, 1998**

**Data Request DS-7:**

Please indicate the basis for your estimate provided in response to Question 6.

**Response:**

See response to DS-6.

**ARIZONA CORPORATION COMMISSION  
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NAVAJO COMMUNICATIONS COMPANY, INC.**

**ACC DOCKET NO. T-2115-97-640 (Unserved Areas)  
FCC DOCKET NO. 96-45; 97-160; DA 98-715  
MAY 29, 1998**

**Data Request DS-8:**

Where are these potential customers located? List the estimated number of potential customers by wire center or exchange, and if possible, by section, township and range.

**Response:**

See response to DS-6.

**ARIZONA CORPORATION COMMISSION  
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NAVAJO COMMUNICATIONS COMPANY, INC.**

**ACC DOCKET NO. T-2115-97-640 (Unserved Areas)  
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MAY 29, 1998**

**Data Request DS-9:**

If your response to DS-6 is yes, why do these potential customers, if any, not have telephone service at the present time? Have any of these potential customers requested service at any time? If yes, please provide the names of the customers and the dates service was requested.

**Response:**

See response to DS-6.

**ARIZONA CORPORATION COMMISSION  
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NAVAJO COMMUNICATIONS COMPANY, INC.**

**ACC DOCKET NO. T-2115-97-640 (Unserved Areas)  
FCC DOCKET NO. 96-45; 97-160; DA 98-715  
MAY 29, 1998**

**Data Request DS-10:**

For the customers listed in your response to DS-8, please indicate the distance from the potential customer's location to the nearest available facilities.

**Response:**

See response to DS-6.

**ARIZONA CORPORATION COMMISSION  
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**ACC DOCKET NO. T-2115-97-640 (Unserved Areas)  
FCC DOCKET NO. 96-45; 97-160; DA 98-715  
MAY 29, 1998**

**Data Request DS-11:**

Has your Company received any complaints from potential customers regarding their inability to obtain telephone service during the last five years? Please indicate the number of complaints received by year, the nature of each complaint, and where the customer is located.

**Response:**

Navajo has not received any formal complaints in the last year. Navajo receives informal complaints from customers on occasion that are typically discussed via direct customer contact. Navajo does not maintain a formal record of these types of complaints. Navajo also receives Chapter Resolutions requesting feasibility studies (chapters are local government entities of the Navajo Nation.) Maps were given to the Chapters to plot each potential customer. Very few Chapters have returned the plot maps. Those who returned their plot maps received aid to construction letters.

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MAY 29, 1998**

**Data Request DS-12:**

If your answer to DS-11 was yes, how were each of these complaints resolved? Please list all instances where the complaint is still unresolved and date the complaint was received.

**Response:**

Resolution of direct complaints are normally handled with an explanation of the Line Extension Tariff. The Chapter Resolutions were not complaints but requests for cost analysis for services by Chapters (Chapters are local government entities of the Navajo Nation).

**ARIZONA CORPORATION COMMISSION  
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FCC DOCKET NO. 96-45; 97-160; DA 98-715  
MAY 29, 1998**

**Data Request DS-13:**

Does your Company have an approved line extension tariff on file with the Commission? If yes, please attach a copy and briefly explain how it works.

**Response:**

Please see Attachment C, a copy of the approved tariff. In summary, Navajo will construct at its expense a maximum of 5/10 mile, route measurement, of outside plant facilities per applicant. Navajo will construct at its expense two miles of metallic (two-wire) circuit or its equal, on existing Company pole leads per applicant. Line extension charge based upon costs incurred will apply for construction in excess of allowance provided above.

**ARIZONA CORPORATION COMMISSION  
STAFF'S FIRST SET OF DATA REQUESTS TO  
NAVAJO COMMUNICATIONS COMPANY, INC.**

**ACC DOCKET NO. T-2115-97-640 (Unserved Areas)  
FCC DOCKET NO. 96-45; 97-160; DA 98-715  
MAY 29, 1998**

**Data Request DS-14:**

How often in the past five years have you given estimates under your tariff to potential customers without service?

**Response:**

In 1997, Navajo had provided estimates to 72 potential customers. Navajo does not have readily available information prior to 1997. Please see Attachment B.



**ARIZONA CORPORATION COMMISSION  
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FCC DOCKET NO. 96-45; 97-160; DA 98-715  
MAY 29, 1998**

**Data Request DS-15:**

What have those estimates been? Please provide as many individual examples as possible for prior 10-year period. Please also indicate what your average estimate is for line extension requests you receive.

**Response:**

Navajo has information available for 1997. The estimates range from \$1,560 to \$157,000. Please see Attachment B for available information.

**ARIZONA CORPORATION COMMISSION  
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**ACC DOCKET NO. T-2115-97-640 (Unserved Areas)  
FCC DOCKET NO. 96-45; 97-160; DA 98-715  
MAY 29, 1998**

**Data Request DS-16:**

Have all potential customers provided with these estimates been able to pay the required amount to have facilities put in place to obtain telephone service?

**Response:**

Navajo is only aware of two within the past 5 years.

**ARIZONA CORPORATION COMMISSION  
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**ACC DOCKET NO. T-2115-97-640 (Unserved Areas)  
FCC DOCKET NO. 96-45; 97-160; DA 98-715  
MAY 29, 1998**

**Data Request DS-17:**

If your answer to question 16 is no, how many potential customers have been unable to pay the required amount to have facilities put in place? Please indicate per request the dollar amount which the potential customer was unable to pay, and when the request was made for the last 10-year period.

**Response:**

Please see Attachment B for the amount not paid.

**ARIZONA CORPORATION COMMISSION  
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NAVAJO COMMUNICATIONS COMPANY, INC.**

**ACC DOCKET NO. T-2115-97-640 (Unserved Areas)  
FCC DOCKET NO. 96-45; 97-160; DA 98-715  
MAY 29, 1998**

**Data Request DS-18:**

Would any of these potential customers qualify for federal Lifeline assistance using the federal default eligibility criteria? If yes, please estimate how many would fall into this category?

**Response:**

Without knowing the personal profile of these potential customers, it is not known if they qualify for Lifeline assistance.

**ARIZONA CORPORATION COMMISSION  
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**ACC DOCKET NO. T-2115-97-640 (Unserved Areas)  
FCC DOCKET NO. 96-45; 97-160; DA 98-715  
MAY 29, 1998**

**Data Request DS-19:**

How much does the company currently receive in Federal High Cost Funds? How much does the Company receive in Long Term Support assistance from the federal jurisdiction? How much does the Company receive in Federal assistance from DEM weighting?

**Response:**

Navajo Communications Company, Inc. currently receives \$206,368 per month from the Federal High Cost Fund. The Company receives no assistance for Long Term Support from the federal jurisdiction. Federal assistance from DEM weighting totals \$57,726 per month is received by Navajo Communications Company, Inc.

## ATTACHMENT A

# NAVAJO NATION PROFILE

Spring 1995  
SOURCE: 1990 Census  
Division of Community  
Development (DCD)  
Larry Rodgers, Statistician

## SCHOOL ENROLLMENT (1990)

<i>Number of persons 3 years of age and older enrolled</i>		
Preprimary	3,286	6.2%
Elementary and high school	43,795	82.2%
College	6,183	11.6%

## LANGUAGE SPOKEN AT HOME (1990)

<i>Persons 5 years of age and older</i>		
English only	22,855	17.42%
American Indian language	107,665	82.04%
Spanish	494	.38%
Asian/Pacific Islander language	79	.06%
Other language	136	.10%

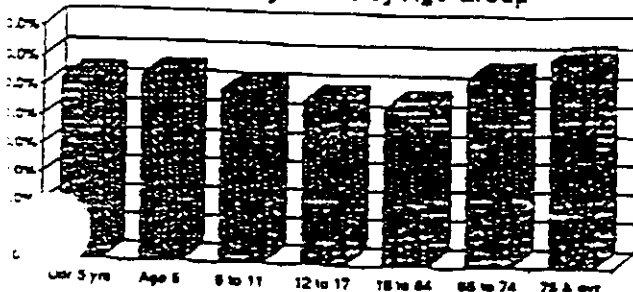
## NATIVITY AND PLACE OF BIRTH (1990)

Native population	151,015
Born in state of residence	126,369
Born in another state	24,537
Born outside the U. S.	109
Foreign-born	270
Entered U. S. between 1980 and 1990	171

## INCOME AND POVERTY STATUS: 1970 to 1990

<i>Per capita Income</i>			
1970 Census	1980 Census	1990 Census	
\$776	\$2,414	\$4,106	
<i>Median Family Income</i>			
1970 Census	1980 Census	1990 Census	
\$3,084	\$9,079	\$11,885	
<i>Percent of Persons below the Poverty Level</i>			
1970 Census	1980 Census	1990 Census	
64.5%	49.7%	56.1%	
<i>Percent of Families below the Poverty Level</i>			
1970 Census	1980 Census	1990 Census	
62.1%	47.3%	57.4%	
<b>POVERTY STATUS IN 1989</b>			
<i>Persons for status determined</i>			
Below poverty	84,508	56.1%	
<i>Persons 18 years and over</i>			
Below poverty	46,619	54.3%	
<i>Persons 65 years and over</i>			
Below poverty	5,878	66.3%	

Poverty Status by Age Group



## VETERAN STATUS (1990)

Total civilian veterans	5,826
Civilian veterans 16 to 64 years of age	
Male	4,468
Female	170
Civilian veterans 65 years and over	
Male	1,121
Female	67
Period of military service:	
May 1975 or later*	1,135
Vietnam era	2,140
Feb 1955 to July 1964	433
Korean conflict	745
World War II	1,335
World War I, other service	38

\*Does not include the Persian Gulf conflict

## HOUSING CHARACTERISTICS (1990)

Total housing units	56,372	
Lacking complete plumbing	29,099	78.6
Lacking complete kitchen facilities	26,869	72.6
<i>Source of water</i>		
Public system or private company	34,306	
Individual drilled well	11,360	
Individual dug well	2,071	
Some other source	8,635	
<i>Sewer disposal</i>		
Public sewer	18,569	
Septic tank or cesspool	10,449	
Other means	27,354	-74.5
Total housing units occupied	37,000	
Owner Occupied	27,586	
Renter Occupied	9,432	
<i>Primary heating fuel used</i>		
Utility gas	4,998	] 25
Bottled tank or LP gas	5,174	
Electricity	23,349	
Fuel oil, kerosene, etc.	594	
Coal	2,427	
Wood	20,094	54.3
Solar energy	22	
Other fuel	167	
No fuel used	175	
Occupied housing units without telephone	28,688	
Percent of units without telephone	77.5%	
<i>Period structure built</i>		
1980's	20,252	1950's 5,093
1970's	15,758	1940's 1,664
1960's	11,676	1939/earlier 1,929

## **ATTACHMENT B**



Navajo Communications Company, Inc. - Arizona  
Line Extension Request - 1997

ATTACHMENT B

<u>District</u>	<u>Exchange</u>	<u>Requests/Letters</u>	<u>Estimated Cost</u>
Window Rock	871	1	1,560
	729	0	
	755	4	12,480 31,680 15,840 21,120
	652	1	24,024
Shiprock	653	0	
	656	0	
Chinle	674	2	11,760 15,632
	659	3	16,532 131,208 9,240
	728	3	19,480 19,480 32,340
	781	1	84,680
	787	6	18,480 35,112 27,720 36,960 24,024
	738	0	
	657	7	18,480 110,880 38,960 129,360 27,720 27,720 157,080

Navajo Communications Company, Inc. - Arizona  
Line Extension Request - 1997

ATTACHMENT B

<u>District</u>	<u>Exchange</u>	<u>Requests/Letters</u>	<u>Estimated Cost</u>
	686	2	84,480 84,480
	654	9	51,744 55,440 101,640 18,480 4,620 83,160 53,440 55,440 49,898
	724	15	18,480 18,480 18,480 83,160 110,880 5,544 46,200 64,680 3,168 24,024 131,208 46,200 27,720 68,280 36,960
Tuba City	283	0	
	698	0	
	672	2	27,456 137,280
	673	0	
	658	0	
	677	0	

Navajo Communications Company, Inc. - Arizona  
Line Extension Request - 1997

ATTACHMENT B

<u>District</u>	<u>Exchange</u>	<u>Requests/Letters</u>	<u>Estimated Cost</u>
	697	17	31,120
			35,120
			49,304
			36,640
			7,640
			27,120
			21,120
			22,016
			22,016
			6,320
			6,320
			16,512
			20,512
			5,320
			20,512
			6,320
			3,568
	727	0	
	739	0	
	Grand Total:	72	2,948,054

## ATTACHMENT C

COMPANY-OWNED LINE EXTENSION SERVICE

I. DEFINITION

- A. Company-Owned Line Extensions are furnished to subscribers in certain sections outside the Base Rate Area but within the Exchange Area with the facilities being owned and maintained by the Telephone Company.

II. APPLICATION OF RATES

- A. In addition to any applicable line extension charges outlined below, the rates for Telephone Exchange Service set forth in Section 4 apply.

III. GENERAL PROVISIONS

- A. Monthly rates are applicable to metallic (two-wire) circuits or their equal in the opinion of the Telephone Company.
- B. Line extensions shall be limited to not more than four (4) parties per line.
- C. The Telephone Company will provide, at its expense, on public highways and public roads, one-half mile of new pole for each applicant.
- D. The Telephone Company will provide, at its expense, two miles of metallic (two-wire) circuit or its equal, on existing Company pole leads per applicant.
- E. Where joint use of poles (other wire-using companies, power companies, etc.) are involved or used, the following allowance will apply:
1. First circuit on joint-use poles, one-half mile allowance for each applicant.
  2. Additional circuits on joint-use poles, two miles for each applicant.
- F. The allowance provided under C., D., or E., 1 and 2 are not granted to the same applicant.
- G. Line extension charge based upon costs incurred will apply for construction in excess of allowance provided above.

COMPANY-OWNED LINE EXTENSION SERVICE

III. GENERAL PROVISIONS (Continued)

- H. Poles and wire along public highways and roads, whether furnished at the expense of the Telephone Company or the Subscriber, or maintained by the Telephone Company and ownership therein is vested in the Telephone Company, except that ownership of poles may be vested in some other company with which the Telephone Company has a joint-use agreement.
- I. The Telephone company reserves the right to connect business and residence stations on the same line. No keys for the purpose of cutting off all or a portion of the line from the central office are permitted except in the case of an extension station where a key may be used for disconnecting it from the main station.

EXCHANGE TELEPHONE SERVICE

RATES

Access Line Service

	<u>Billing Code</u>	<u>Monthly Rate</u>	
Business			
PBX Trunks	PL/PLR	\$95.25	
Key Lines	KL/KLR/KLE	76.20	
One Party	B1A/B1RA	57.15	
Two Party*	B2A/B2RA	47.55	
Four Party	B4A/B4RA	41.95	
Eight Party*	B8A/B8RA	41.95	
Customer Owned Pay Telephone Service**	COPTS	67.85	-
Residence			
One Party	R1A/R1RA	\$15.90	
Two Party*	R2A/R2RA	13.40	
Four Party	R4A/R4RA	11.45	
Eight Party*	R8A/R8RA	11.45	
Federal Lifeline Discount (1)	—	(5.25)	(N)

(1) See Conditions 8 and 9 (N)

\* Limited to existing customers in existing locations.

\*\* Semi-Public Telephone Service has been deregulated.

EXCHANGE TELEPHONE SERVICE

CONDITIONS

Access Line Service

1. Two and Eight Party Services were frozen as of March 1, 1984 and are limited to existing customers in existing locations.
  2. Access Line Service is furnished with rotary service as the standard signaling arrangement. Rates for Touch Calling Service are shown in Section 20.
  3. The rates for access line service do not include a telephone set with the line.
  4. Service Connection Charges for Access Lines are located in Section 15.
  5. The Company reserves the right to service a customer via Rural Radio transmission when physical cable is not feasible.
  6. Rural Radio is one party service which is only available at the Company's option to new customers or existing customers whose facilities are in need of repair.
  7. Rural Radio may be provided to customers located in an exchange other than the local exchange in which the customer resides, provided there is Extended Area Service between both the local and dial tone exchanges.
  8. The utility shall provide Lifeline Telephone Service to any applicant that certifies under penalty of perjury that they receive benefits from one of the programs listed below and identify the program or programs from which that applicant receives benefits. The qualifying low-income applicant also must agree to notify the utility when that applicant ceases to participate in the program or programs. [see Condition 9 below in this tariff section]
- ♦ Medicaid;
  - ♦ Food Stamps;
  - ♦ Supplemental Security Income;
  - ♦ Federal Public Housing Assistance;
  - ♦ Low Income Home Energy Assistance Program

The term "applicant" as used above refers to the head of a household or person in whose name the property rental agreement resides.

The utility will have the right to verify that applicants meet the eligibility requirements directly with the state agency administering the qualifying programs.

(N)

(N)



EXCHANGE TELEPHONE SERVICE

CONDITIONS (Continued)

Access Line Service (Continued)

8. (Continued)

Lifeline Telephone Service will be subject to the following restrictions:

Applicants must be head of household or person in whose name the property or rental agreement resides.

Service will only be provided to the applicant's principal residence.

Applicants will only be allowed to subscribe to a single residential access line.

Lifeline customers are charged the Residence access line rate plus the Federal Subscriber Line Charge, then receive the applicable federal and state Lifeline discounts on their Local bill.

Optional toll blocking functionality is offered at no charge to Lifeline customers.

Service charges will be waived for changing basic local exchange service to Lifeline service.

For additional conditions for application of this service see:

Deposits in Section 3.

Service Charges in Section 15.

Suspension of Service in Section 16.

EXCHANGE TELEPHONE SERVICE

CONDITIONS (Continued)

Access Line Service (Continued)

9. The Commission has requested a temporary waiver of the FCC's rule that states base eligibility for intrastate matching funds under the federal Lifeline program solely on income for customers who qualify for federal Lifeline assistance under Arizona's Low Income Telephone Assistance Program. The waiver, if granted by the FCC, would allow existing low-income customers to continue to receive Lifeline assistance under this state program as they have in the past, pending changes to state law to bring the eligibility criteria into compliance with new federal standards. During the interim period, low-income customers who qualify for the state program would receive the federal baseline support amount of \$3.50 plus the additional \$1.75 in federal Lifeline support. These customers would also be eligible to receive matching federal Lifeline support in an amount equal to one-half of the amount of the state support. For example, if the 17% discount in local service charges contributed by the state equaled \$2.00, the matching federal Lifeline support would equal \$1.00. Using this example, a total of \$6.25 in federal Lifeline support would be available to customers who qualify for the state program during the interim period.

The Commission has also sought clarification from the FCC to allow Arizona's eligible telecommunications carriers to apply federal default criteria for purposes of the \$5.25 baseline amount. This would mean that during the interim period pending changes to state law which would provide for state matching funds, low-income customers who qualify under the federal Lifeline criteria would receive the federal baseline amount of \$3.50 plus the additional \$1.75 in federal Lifeline support.